

Equity Research
Economics

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Economics Weekly

Scratching Below the Surface of the Economic Data



As we discussed in the [Weekly Market Monitor](#) on Monday, the market narrative has been shifting, and Tuesday's CPI report only helped to accelerate that momentum. At the start of 2023, the debate among market participants revolved around soft landing versus hard landing, with the consensus firmly in the hard-landing camp; however, as the data continued to surprise to the upside, this gradually shifted to the soft-landing camp by year-end. As we move further into 2024, the debate seems to be shifting once again, this time to soft landing versus no landing, with concerns about a hard landing (mild or not) being pushed to the wayside. Yet, we find ourselves a little wary of this shift, with the continued view that it is still too early to completely write off the possibility of a mild recession in the coming year. **In this *Economics Weekly*, we look at a number of inconsistencies in the economic data that suggest growth may not be quite as robust as depicted on the surface, and investors will want to be wary in their expectations.**

Hard, Soft, or No Landing

Following the economic data surprises that transitioned expectations from a hard landing to a soft landing in 2023, economists are now again seeing growth surprise to the upside. This has pushed some economists to shift further toward the no-landing camp (exhibit 1).

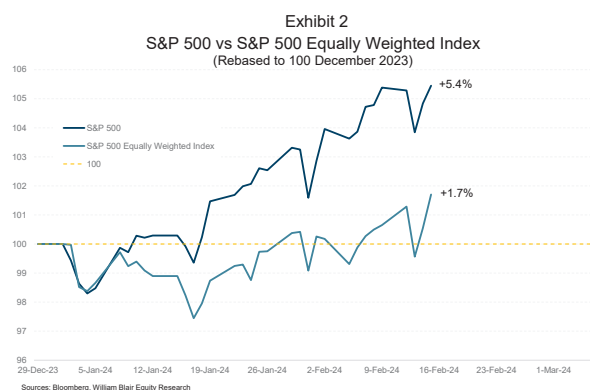


In our view, such a transition may be premature, with the risks of a mild recession not yet fully dissipating. For one thing, interest rates are still firmly in restrictive territory; and the longer they remain there, the greater the probability of growth starting to disappoint once again (even taking into account the probability of a slightly higher neutral r-star rate of interest). Hence, from this perspective, to the extent that this week's inflation report might keep the Fed on hold for longer, doing so also raises the risk of a harder landing.

Magnificent 6 Versus the Rest

When scratching a little below the surface across many areas of the economy and financial markets, growth may not be quite as robust as it seems on the surface.

This has been fairly clear in the stock market, for example. While the S&P 500 seems to be hitting new highs, much of this is being driven by the behavior of the Mag 6 (Tesla is no longer being included). On a weighted basis over the past 12 months, the aggregate index has risen 23.0%, while the unweighted index has risen 6.1%. Similarly, year-to-date, the aggregate index is up 5.4% against a 1.7% rise in the unweighted index (exhibit 2). Looked at more starkly, the Mag 6 year-to-date have increased by 16.8% against the remaining 494 companies that are up by just 1.6%.

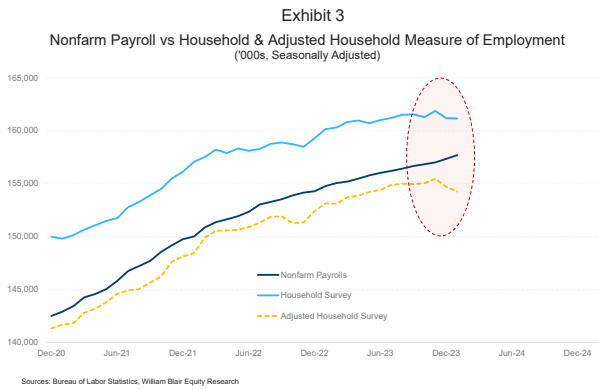


A similar picture has been painted in corporate earnings growth, where according to FactSet, blended fourth-quarter EPS growth for the Mag 6 (January 29, 2024) was up 53.7%, against a 10.5% decline for the remaining 494 stocks. The latest data for earnings (February 14) shows the median unweighted annual rate of change on 12-month EPS for the Mag 6 has been 27.4%, against an average change of 1.4% for the 494.

Nonfarm Payrolls Versus Other Labor Market Indicators

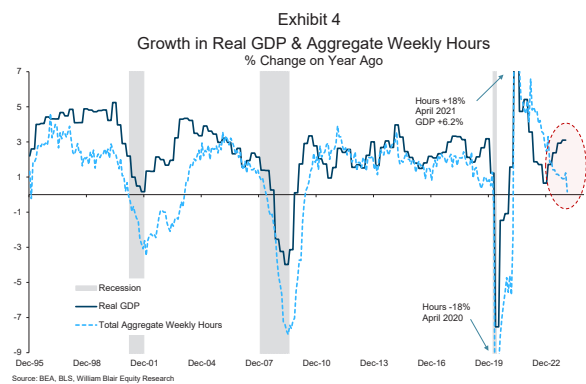
While the strength of nonfarm payrolls (a survey of employees on company books) has continued to catch the market by surprise, the household survey measure of employment (a house-to-house survey) has not been confirming this strength and has been negative for 3 of the last 4 months (total of -398,000), compared to the 4-month total of nonfarm payrolls of 962,000. Both measures over time should track each other quite closely, allowing for certain methodological differences. Nevertheless, the BLS also

produces an “adjusted household measure of employment” that is more comparable to the nonfarm payroll data, which shows a sharper decline in January of 450,000 jobs, after an even larger fall of 753,000 in December (exhibit 3).

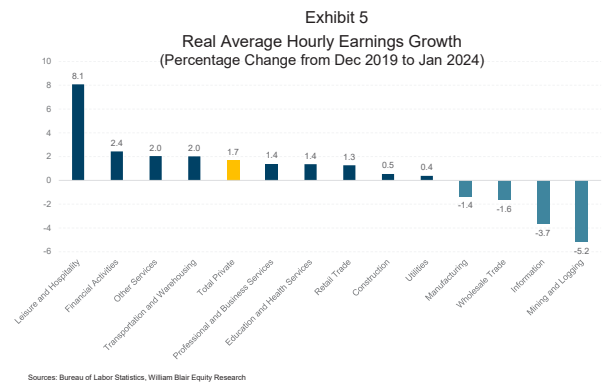


Similarly, there has been a sharp decline in aggregate hours worked. This would be consistent with companies hoarding labor but limiting working hours, as they are reluctant to let go of workers who were difficult to find—a sensible decision in the event of a soft-landing or no-landing scenario.

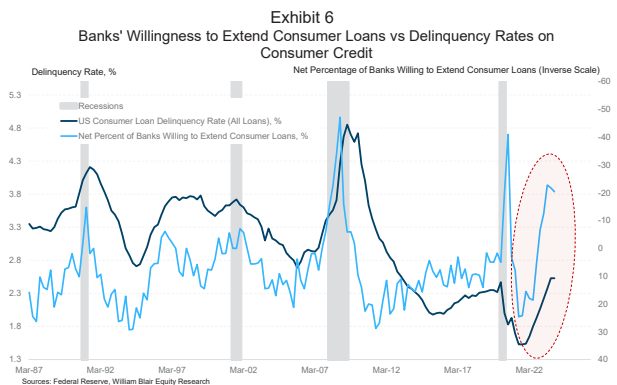
Yet, aggregate hours worked has also had a historically strong correlation with real GDP growth, and the current gap between the two is significant (exhibit 4). This might help explain the historically wide gap between GDP (an expenditure based measure of growth) and GDI (gross domestic income). GDP and GDI should be two sides of the same coin, given that someone’s spending should equal another’s income. However, GDI for the latest available third quarter fell by 0.1% annually, compared to the 2.9% rise in real GDP. If GDP was replaced with GDI in exhibit 4, this gap would disappear.



What about income growth? Real average hourly earnings, after adjusting for inflation, only turned positive in the middle of 2023. Furthermore, what real income gains we are seeing are not being spread evenly. That is, much of those gains have been skewed toward leisure and hospitality employment (12% of total private sector employment), whereas several other sectors (17% of total private sector employment) are still experiencing declines in real income when compared to levels just before the start of the pandemic (exhibit 5).



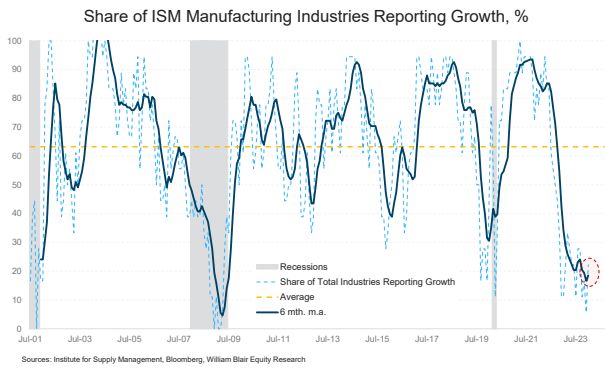
Meanwhile, delinquency rates have been rising, excess savings have been depleted, the share of workers taking on multiple jobs has been rising, and the availability of credit is tightening (exhibit 6). From this perspective, many workers are not experiencing the strength that is showing up in the headline rates. This is why the Fed is so keen to get inflation down now before growth slows further.



Corporate Sector

In the corporate sector, we are also not seeing uniform strength to the degree that headline growth numbers might suggest. The ISM manufacturing index, for example, indicates that this sector has been in recession for the last 15 consecutive months, which historically has not happened without the economy being in recession. Meanwhile, only 22.2% of the surveyed ISM industries are reporting growth, up from just 5.6% in December (exhibit 7).

Exhibit 7

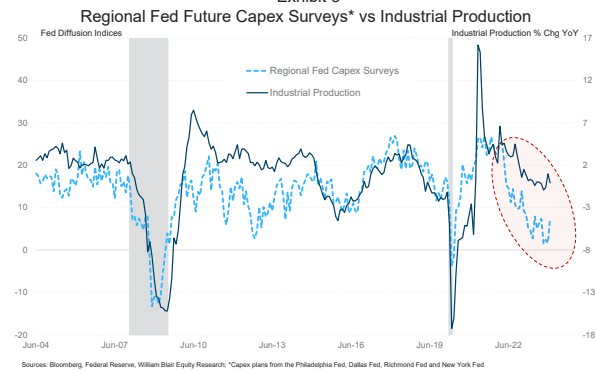


Hiring plans and job openings are the lowest in years, and expected credit conditions are consistent with still tight credit conditions.

In addition, lending standards are still tightening (but at a slower pace) from the banks, which are deeply concerned about taking on any risk ahead of expected CRE-related weakness and companies approaching debt maturity walls (exhibits 9, 10, and 11). The *FT* reported this week that U.S. bank profits have fallen by 45% in the past quarter compared to a year ago.

When it comes to capital expenditures, a basket measure of capital spending plans from the various regional Federal Reserve Banks' monthly manufacturing surveys is also consistent with a weak appetite to invest and slower pace of industrial production (exhibit 8).

Exhibit 8



Furthermore, as this week's latest NFIB small business survey highlighted, sentiment among the small business sector remains at levels that have historically been consistent with recessions.

Exhibit 9
NFIB's Index of Small Business Optimism
(1986 = 100)

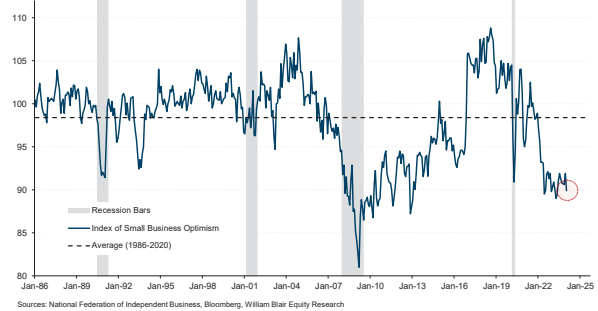


Exhibit 10
Small Business Bank Lending Conditions

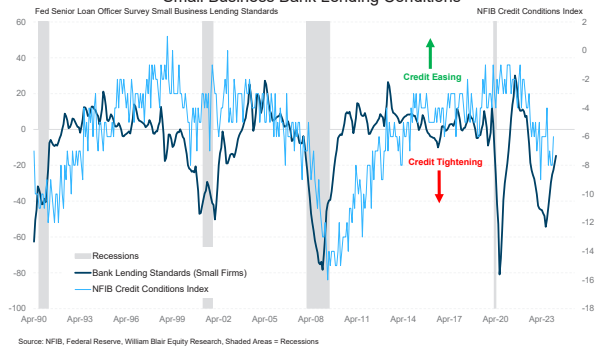
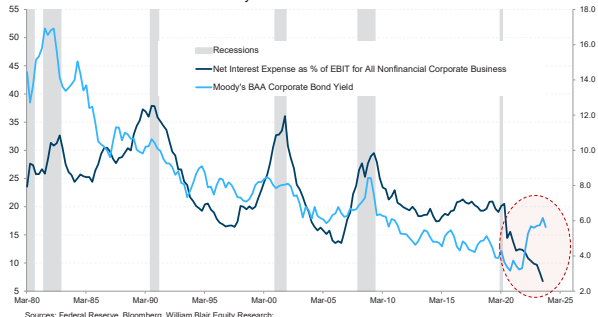


Exhibit 11

Net Interest Expense as % of EBIT for All Nonfinancial Corporate Business vs Moody's BAA Corporate Bond Yield %



Conclusion

This week's hotter-than-expected CPI report has seemingly added further momentum to the view that the economy is reaccelerating (the no-landing view) and to the accompanying belief that the data might be so strong that the Fed has to start raising interest rates once again.

From our perspective, we agree there is not yet convincing evidence that the economy has entered a recession, and a soft-landing is certainly possible. However, there is plenty of evidence to suggest that growth is not nearly as strong as it seems to be on the surface and that it is already decelerating and could continue to do so in the coming quarters.

The list of concerning data includes:

- flat-to-negative earnings growth for most of the equity market, excluding the Mag 6, and squeezed margins;
- decelerating hours worked, spiking layoff announcements, falling job openings, outright negative household employment growth;
- soft and still negative real household income growth in many sectors (also evident in the continued strength of populist leaders across the developed world);
- weak business confidence and spending plans;
- tighter expected credit conditions and tumbling bank profits;
- not to mention deflation from China and recessions across many parts of Europe, with the U.K. just added to that list this week.

In short, the U.S. economy has thankfully been incredibly resilient to date, but it would be wrong to believe that Fed policy is not restrictive and not having much impact on growth, and that there is no room for rate cuts in the coming year. Unfortunately, the data would also suggest that it would be too early to declare complete victory on the recovery and to remove the possibility of recession from the table.

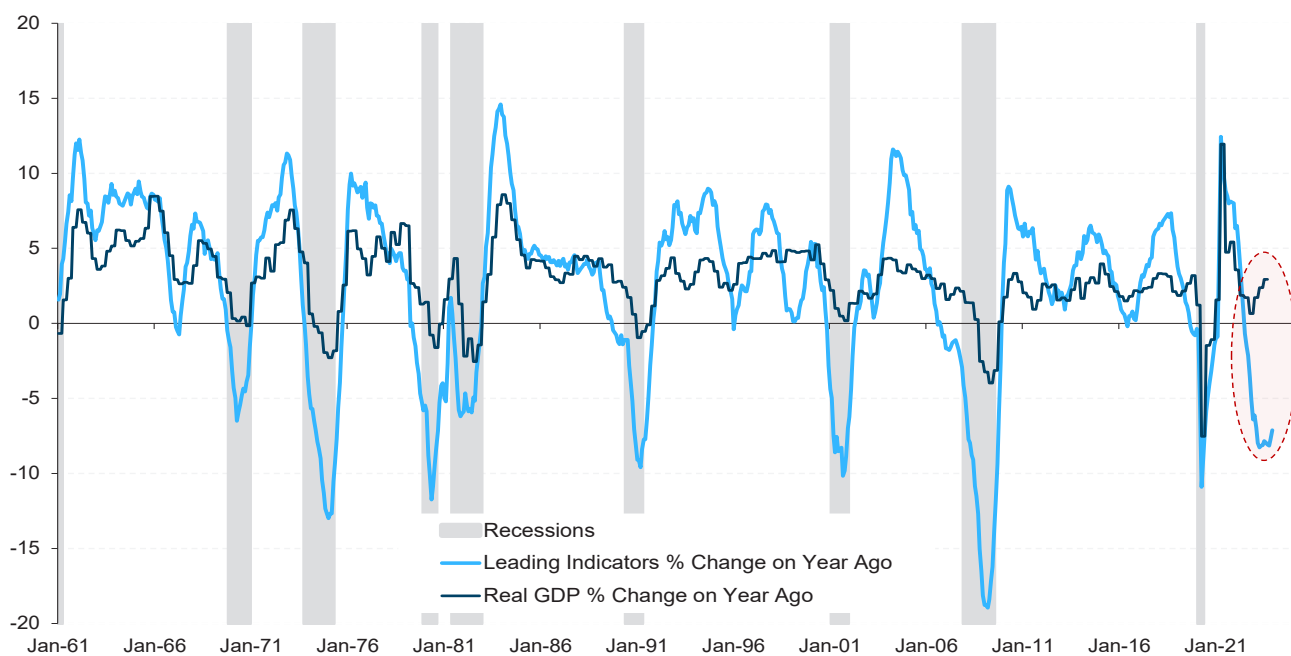
Highlights in the Week Ahead

Date	Time (ET)	Indicator	Last	Consensus	WB Estimate	Actual
20 Feb	10:00 a.m.	Leading Economic Indicators (Jan)	-0.1%	-0.3%	-0.3%	
22 Feb	10:00 a.m.	Existing Home Sales (Jan)	-1.0%	4.9%	N/A	

Sources: Bloomberg, William Blair Equity Research

Indicator of the Week: Leading Indicators

Leading Economic Indicators & Real GDP Growth
% Change on Year Ago



Sources: Conference Board, William Blair Equity Research

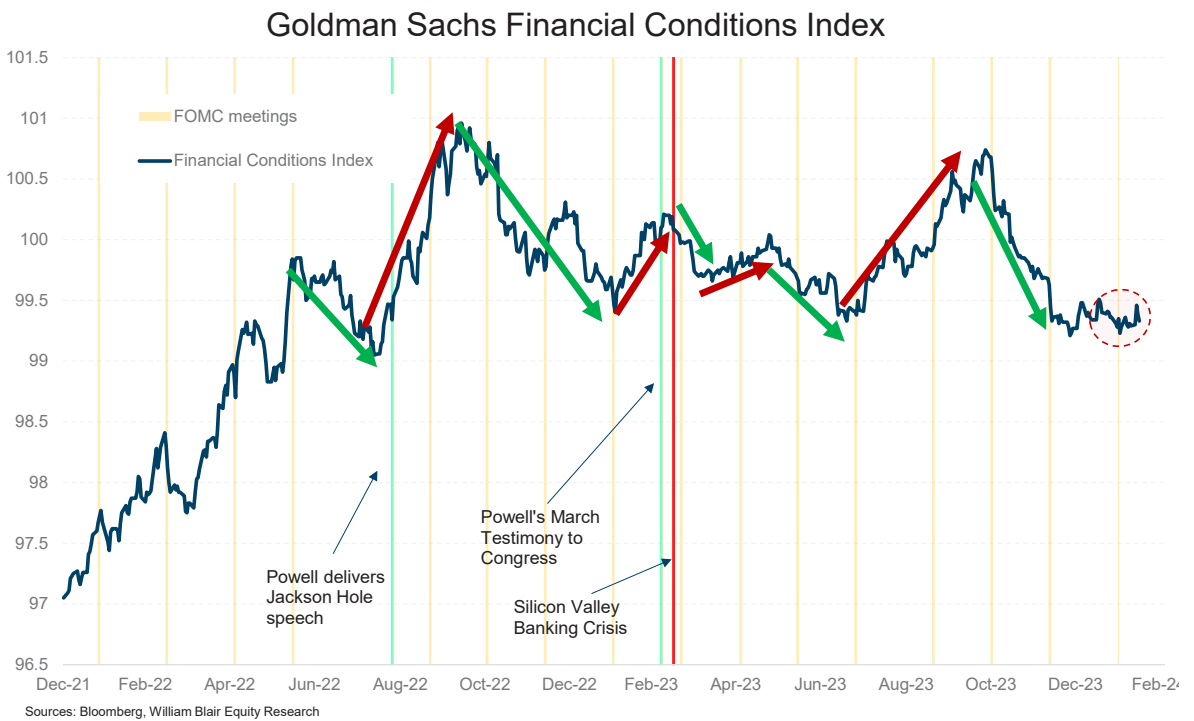
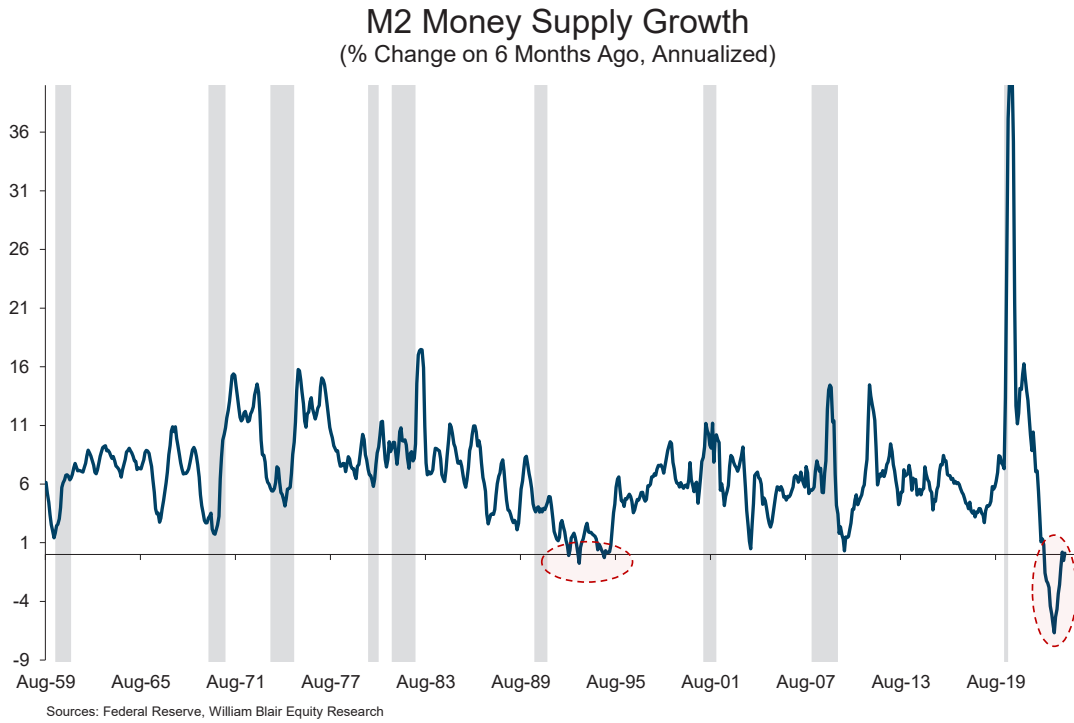
Economic Scorecard

Rolling monthly heat map, % Change on Year Ago (unless otherwise noted)

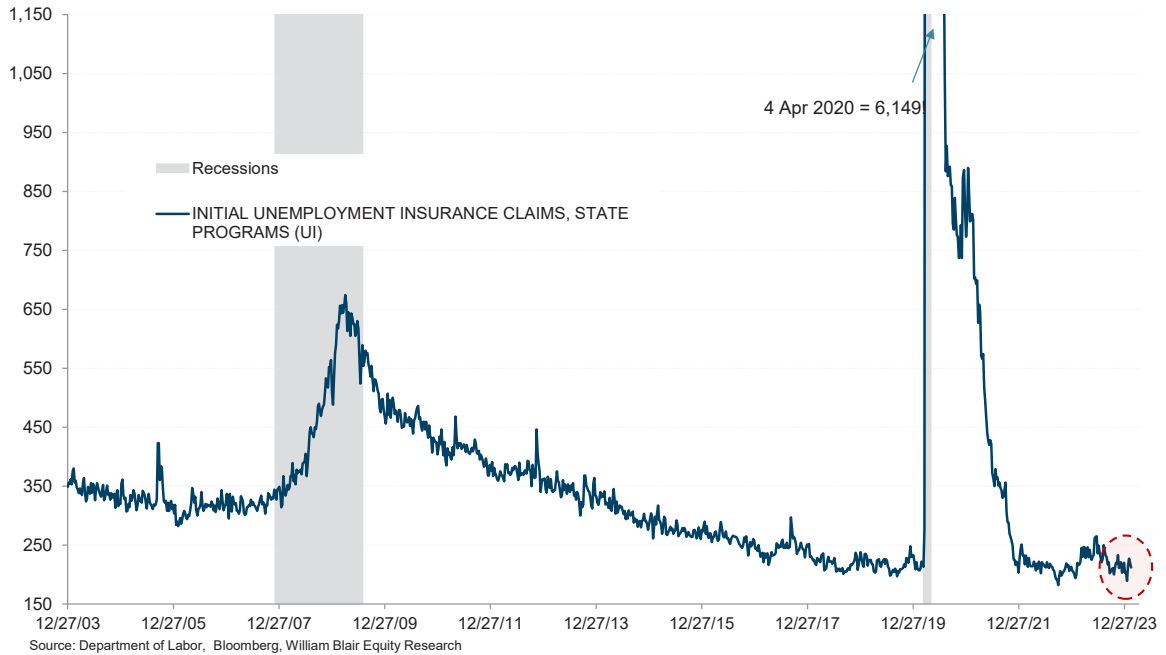
	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
Growth																			
US Leading Indicators	-1.5	-2.1	-3.6	-5.1	-6.4	-6.1	-7.0	-8.0	-8.3	-8.2	-8.1	-7.8	-7.9	-8.1	-8.1	-7.7	-7.1		
US Coincident Indicators	1.9	2.0	1.4	0.8	0.8	1.5	1.4	1.4	1.4	1.7	1.8	1.7	1.4	1.3	1.4	1.7	1.9		
US Lagging Indicators	7.4	7.6	7.3	7.4	7.4	6.3	6.1	5.5	4.9	3.7	2.9	2.3	1.8	1.0	1.1	1.3	0.6		
Consumer																			
Total Retail Sales	10.1	9	8.9	6.2	5.5	7.9	5.3	2.2	1.3	2.1	1.5	2.8	2.8	4	2.2	3.6	5.3	0.6	
Personal Income	3.9	5.1	4.9	4.6	4.5	5.8	5.7	5.8	5.7	5.6	5.4	4.8	4.8	4.6	4.3	4.6	4.7		
Real Disposable Personal Income	-3.8	-2.3	-2	-1.6	-0.9	3.2	3.5	4.4	4.5	5	5.3	4.3	4	3.8	3.9	4.4	4.2		
Real Personal Consumption	1.8	1.9	1.4	0.9	1.3	2.3	2.3	1.7	1.6	1.8	2.1	2.5	2	2.1	1.9	2.7	3.2		
Personal Saving Rate (%)	3.2	3	3	3.3	3.4	4.4	4.7	5.2	5.2	5.3	4.8	4.4	4.4	3.8	4.1	4.1	3.7		
Consumer Confidence (Conference Board)**	103.6	107.8	102.2	101.4	109	106	103.4	104	103.7	102.5	110.1	114	108.7	104.3	99.1	101	108	114.8	
Employment																			
Employment Growth	4.1	4.0	3.6	3.3	3.0	3.2	2.8	2.5	2.5	2.5	2.4	2.1	2.1	2.0	1.9	1.9	2.0	1.9	
ASA Temporary Staffing Index	9.3	5.4	1.1	0.2	1.0	-2.1	-6.1	-6.5	-6.8	-5.9	-6.6	-4.7	-4.8	-5.5	-7.5	-7.6	-5.5	-12.2	
ISM Employment Index Manufacturing*	54.4	49	50.2	49.3	50.2	50	48.8	47.8	49.4	50.3	49.1	45	48.6	50.9	47.1	46.1	47.5	47.1	
ISM Employment Index Services*	49.7	51.4	49.5	50.4	49.8	50.4	53.6	51.1	51.2	49.7	52.9	50.9	54.1	52.5	50.4	50.6	43.8	50.5	
Unemployment Rate, %	3.6	3.5	3.6	3.6	3.5	3.4	3.6	3.5	3.4	3.7	3.6	3.5	3.8	3.8	3.8	3.7	3.7	3.7	
Average Hourly Earnings	5.4	5.1	5	5.1	4.9	4.6	4.7	4.6	4.7	4.6	4.7	4.7	4.5	4.5	4.3	4.3	4.3	4.5	
Initial Jobless Claims (avg. wkly. chg. '000s)	210	191	202	213	209	200	219	238	239	230	254	228	238	209	211	220	208	209	
Job Openings	-7.0	-0.3	-7.9	-4.3	-5.0	-8.0	-14.0	-19.0	-12.2	-16.0	-16.4	-21.6	-6.9	-13.9	-15.5	-16.9	-19.7	-14.6	
Layoff Announcements	30.3	67.6	48.3	416.5	129.1	440	410.1	319.4	175.9	286.7	25.2	-8.2	266.9	58.2	8.8	-40.8	-20.2	-20	
Housing Market																			
Housing Starts	-4.5	-6.2	-8.9	-16.6	-24.1	-19.7	-18.9	-19.4	-25.2	2.6	-9.2	5.8	-13.3	-7.3	-3.9	6.9	7.6		
New Home Sales	-7.5	-23.6	-15.1	-24.6	-23.4	-19.9	-19.1	-9.5	11.1	11.6	21.3	34.1	2.5	23.1	17.2	5.7	4.4		
Existing Home Sales	-20.2	-24.0	-28.2	-35.2	-34.0	-36.9	-23.1	-2.1	-23.0	-20.4	-18.9	-16.6	-15.3	-15.6	-14.6	-7.3	-6.2		
Median House Price (Existing Homes)	8.9	15.6	16.3	7.4	17	0.4	1.4	0.7	-8.9	-6.5	-3.5	-8.9	0.1	-10.8	-16.5	-7.9	-13.8		
Existing Homes Inventory (Mths' supply)	3	3	3.2	3.4	3.5	3.4	2.9	2.8	2.8	2.8	2.9	3	3	3.3	3.5	3.7	3.7		
New Homes Inventory (Mths' supply)	8.7	9.7	9.7	9.4	8.5	8.1	8.4	8.1	7.6	7.2	7.5	7.1	7.9	7.5	7.8	8.8	8.2		
NAHB Homebuilder Sentiment*	49	46	38	33	31	35	42	44	45	50	55	56	50	44	40	34	37	44	
Inflation																			
Consumer Price Index	8.3	8.2	7.7	7.1	6.5	6.4	6	5	4.9	4	3	3.2	3.7	3.7	3.2	3.1	3.4	3.1	
CPI Less-food & energy	6.3	6.6	6.3	6	5.7	5.6	5.5	5.6	5.5	5.3	4.8	4.7	4.3	4.1	4	4	3.9	3.9	
Producer Price Index	8.7	8.5	8.2	7.4	6.4	5.7	4.7	2.7	2.3	1.1	0.3	1.1	1.9	2	1.2	0.8	1		
PPI Less-food & energy	7.2	7.2	6.9	6.3	5.7	5	4.6	3.3	3.1	2.8	2.5	2.7	2.5	2.6	2.3	2	1.8		
PCE Price Index	6.5	6.6	6.3	5.9	5.4	5.5	5.2	4.4	4.4	4	3.2	3.3	3.3	3.4	2.9	2.6	2.6		
PCE Prices Less-food & energy	5.2	5.5	5.3	5.1	4.9	4.9	4.8	4.8	4.8	4.7	4.3	4.2	3.7	3.6	3.4	3.2	2.9		
Business Activity - US																			
Industrial Production	3.1	4.5	3.1	1.9	0.6	1.5	0.9	0.2	0.4	0.1	-0.4	0.1	-0.1	-0.3	-1.0	-0.4	1.2	0.0	
New Cap Gds Orders less-aircraft & parts	8.2	5.6	5	3.2	1	5.6	2.7	1.9	1	3.2	1.4	0.4	0.6	0.5	0.8	1.4	0.9		
Business Inventories	19.8	19.5	18.3	16.9	15.2	12.5	10.7	8.8	6.2	5.2	3.3	1.8	1.4	1	1	0.7	0.3	0.4	
ISM Manufacturing PMI*	52.8	50.8	50	48.9	48.1	47.4	47.7	46.5	47	46.6	46.4	46.5	47.6	48.6	46.9	46.6	47.1	49.1	
Markit US Manufacturing PMI*	51.5	52	50.4	47.7	46.2	46.9	47.3	49.2	50.2	48.4	46.3	49	47.9	49.8	50	49.4	47.9	50.7	
ISM Services Index*	55.9	55.7	54.7	55.2	49	54.7	55	51.2	52.3	51	53.6	52.8	54.1	53.4	51.9	52.5	50.5	53.4	
Markit US Services PMI*	43.7	49.3	47.8	46.2	44.7	46.8	50.6	52.6	53.6	54.9	54.4	52.3	50.5	50.1	50.6	50.8	51.4	52.5	
Business Activity - International																			
Germany Manufacturing PMI Markit/BME*	49.1	47.8	45.1	46.2	47.1	47.3	46.3	44.7	44.5	43.2	40.6	38.8	39.1	39.6	40.8	42.6	43.3	45.5	
Japan Manufacturing PMI Jibun Bank*	51.5	50.8	50.7	49	48.9	48.9	47.7	49.2	49.5	50.6	49.8	49.6	49.6	48.5	48.7	48.3	47.9	48	
Caixin China Manufacturing PMI*	49.5	48.1	49.2	49.4	49	49.2	51.6	50	49.5	50.9	50.5	49.2	51	50.6	49.5	50.7	50.8	50.8	
China Manufacturing PMI*	49.4	50.1	49.2	48	47	50.1	52.6	51.9	49.2	48.8	49	49.3	49.7	50.2	49.5	49.4	49	49.2	
UK Manufacturing PMI Markit/CIPS*	47.3	48.4	46.2	46.5	45.3	47	49.3	47.9	47.8	47.1	46.5	45.3	43	44.3	44.8	47.2	46.2	47	
France Manufacturing PMI Markit*	50.6	47.7	47.2	48.3	49.2	50.5	47.4	47.3	45.6	45.7	46	45.1	46	44.2	42.8	42.9	42.1	43.1	
Currencies***																			
Euro (EUR/USD)	-14.9	-15.4	-14.5	-8.2	-5.8	-3.3	-5.7	-2.1	4.5	-0.4	4.1	7.6	7.8	7.9	7.0	4.6	3.1	-0.4	
Renmibi (USD/CNY)	6.7	10.4	14.0	11.4	8.5	6.2	9.9	8.4	4.7	6.5	8.3	5.9	5.3	2.6	0.2	0.6	2.9	6.1	
Yen (USD/Yen)	26.3	30.1	30.5	22.0	13.9	13.0	18.4	9.2	5.1	8.3	6.3	6.8	4.7	3.2	2.0	7.3	7.6	12.9	
Sterling (GBP/USD)	-15.5	-17.1	-16.2	-9.3	-10.7	-8.4	-10.4	-6.1	-0.1	-1.3	4.3	5.5	9.0	9.2	6.0	4.7	5.4	3.0	
Canadian \$ (USD/CAD)	4.1	9.1	10.0	5.0	7.3	4.7	7.7	8.1	5.5	7.3	2.9	3.1	2.9	-1.8	1.8	1.1	-2.3	1.0	
Mexican Peso (USD/MXN)	0.3	-2.4	-3.7	-10.2	-5.0	-8.7	-10.6	-9.2	-11.9	-10.0	-14.9	-17.8	-15.4	-13.5	-8.9	-9.8	-13.0	-8.6	
US Equities																			
S&P 500	-12.6	-16.8	-15.9	-10.7	-19.4	-9.7	-9.2	-9.3	0.9	1.2	17.6	11.1	14.0	19.6	8.3	12.0	24.2	18.9	
S&P 400 Midcap	-11.7	-16.6	-12.9	-4.8	-14.5	0.7	-2.3	-6.7	-0.4	-4.3	15.6	8.6	8.8	13.6	-2.7	-0.5	14.4	3.0	
S&P 600 Smallcap	-13.4	-20.0	-13.1	-7.4	-17.4	-2.5	-5.1	-10.4	-5.5	-8.9	7.8	3.4	3.6	8.1	-9.3	-5.9	13.9	-0.1	
Russell 2000	-18.9	-24.5	-19.6	-14.2	-21.6	-4.8	-7.4	-12.9	-5.1	-6.1	10.6	6.3	3.0	7.2	-10.0	-4.1	15.1	0.8	

* Diffusion Index, **1985=100, ***Currencies - green/red = strengthening/weakening foreign currency vs dollar
 Source: ISM, Federal Reserve, Census Bureau, Bureau of Labor Statistics, Conference Board, Bloomberg, William Blair

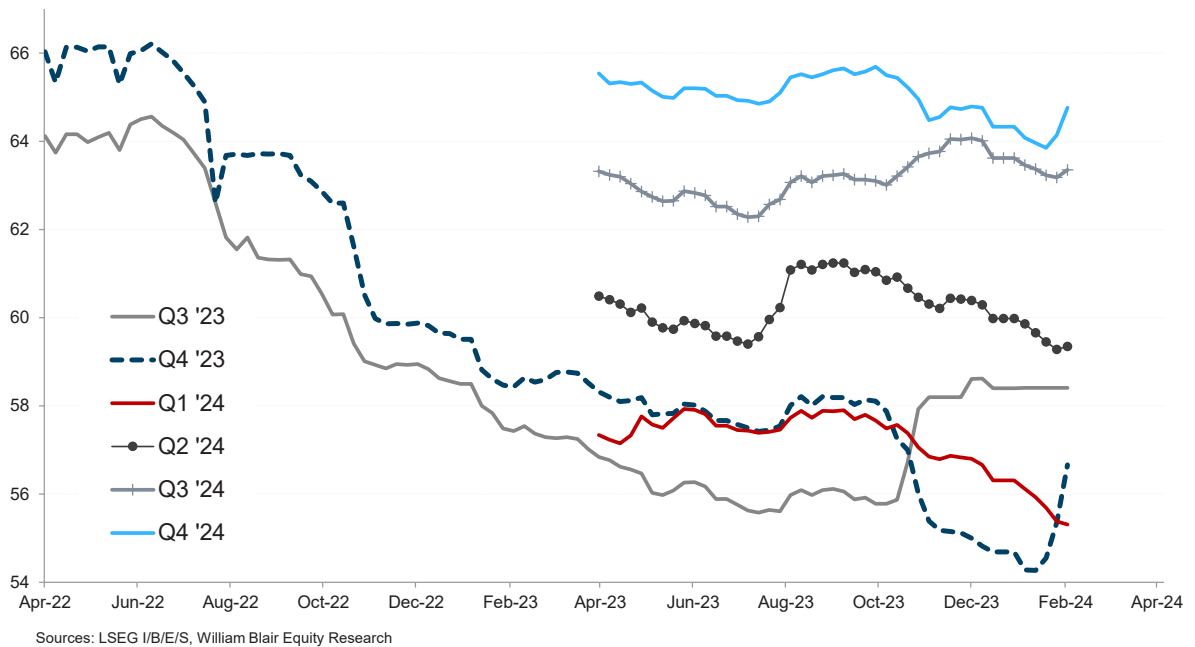
Other Economic Indicators



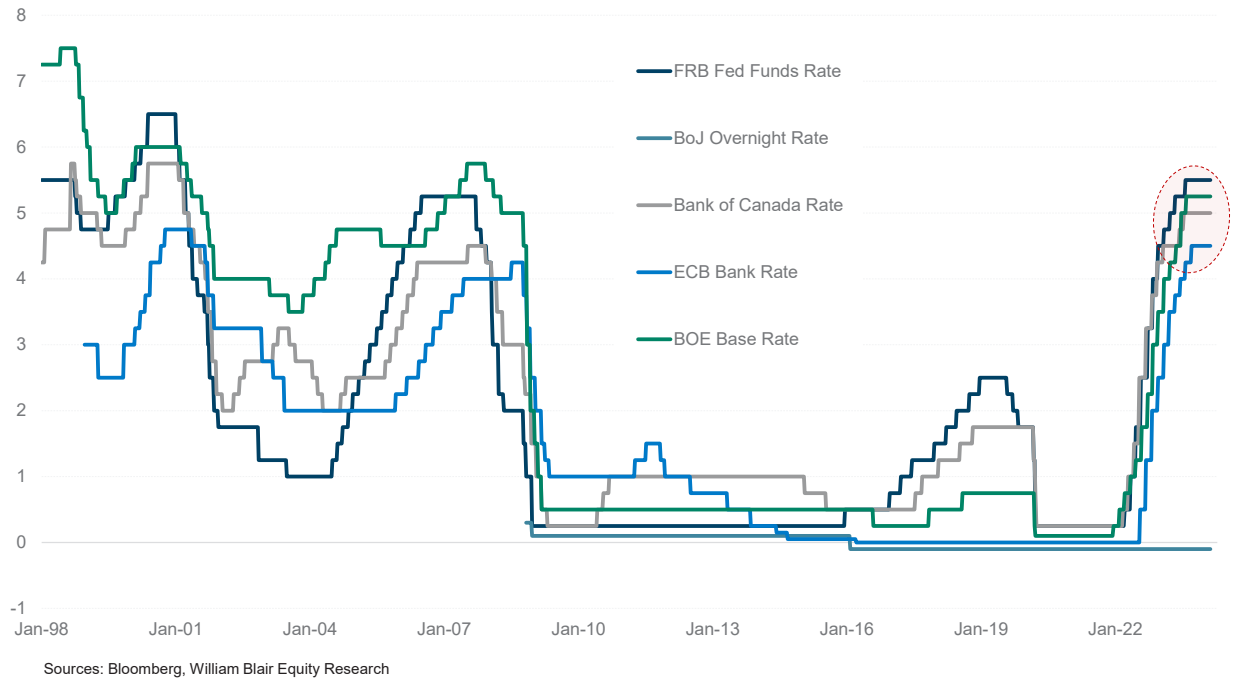
Initial Jobless Claims (‘000s, Seasonally Adjusted)



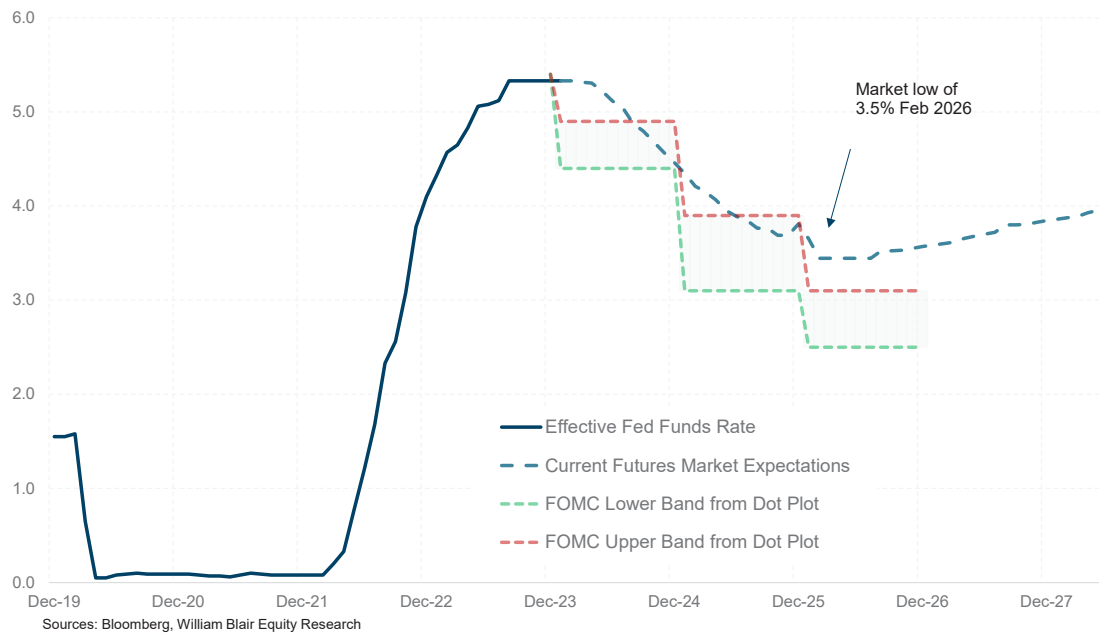
Progression of S&P 500 Bottom-Up EPS Estimates (2023-2024, \$/Shr)



Central Bank Target Short-term Interest Rates, %



Fed Funds Rate, Futures Market Expectations & FOMC Projections, %



S&P 500 Sector Performance

Global Industry Classification System	Current Weight* 15-Feb-24	Week Ago 08-Feb-24	Month Ago 12-Jan-24	Qtr-to-Date 29-Dec-23	Year-to-Date 29-Dec-23
S&P 500 Index	100.00	0.64	5.14	5.45	5.45
S&P 400 MidCap Index		2.42	4.62	2.63	2.63
S&P 600 SmallCap Index		3.62	3.96	0.14	0.14
Dow Jones Industrials		0.12	3.14	2.88	2.88
Nasdaq Composite		0.71	6.23	5.96	5.96
Communication Services	9.30	0.68	9.35	11.80	11.80
Advertising	0.07	1.05	-0.60	0.04	0.04
Broadcasting	0.05	2.59	-3.24	-4.29	-4.29
Cable & Satellite	0.48	1.74	-5.68	-8.24	-8.24
Integrated Telecommunication Services	0.67	1.66	4.60	5.16	5.16
Interactive Home Entertainment	0.15	-1.19	1.27	1.94	1.94
Interactive Media & Services	6.25	-0.12	10.09	13.86	13.86
Movies & Entertainment	1.16	4.22	20.16	20.27	20.27
Publishing & Printing	0.04	2.53	9.29	7.86	7.86
Wireless Telecommunication Svcs	0.44	0.39	-0.60	0.77	0.77
Consumer Discretionary	10.91	0.63	3.96	1.91	1.91
Apparel Retail	0.37	-0.65	3.85	4.38	4.38
Apparel & Accessories & Luxury Goods	0.18	-0.15	2.24	-3.97	-3.97
Auto Parts & Equipment	0.07	-1.74	-2.36	-11.66	-11.66
Automobile Manufacturers	1.67	4.67	-5.97	-16.24	-16.24
Automobile Retail	0.28	1.37	8.08	6.90	6.90
Broadline Retail	4.11	0.02	9.73	11.42	11.42
Casinos & Gaming	0.18	-1.30	6.24	4.66	4.66
Computer & Electronics Retail	0.04	-1.11	1.07	-4.64	-4.64
Consumer Electronics	0.05	1.34	0.09	-3.57	-3.57
Distributors	0.11	1.47	3.29	1.53	1.53
Footwear	0.30	2.20	0.94	-2.32	-2.32
Home Furnishings	0.02	6.24	14.33	12.52	12.52
Home Improvement Retail	1.12	0.40	2.24	3.76	3.76
Homebuilding	0.30	0.69	-0.78	1.00	1.00
Hotels, Resorts & Cruise Lines	0.89	-1.64	5.85	3.97	3.97
Household Appliances	0.01	-0.35	-3.82	-9.83	-9.83
Leisure Products	0.02	0.73	5.01	-0.02	-0.02
Restaurants	1.05	-0.72	2.80	0.89	0.89
Other Specialty Retail	0.14	2.34	8.04	8.65	8.65
Consumer Staples	6.47	-0.86	0.54	1.74	1.74
Agricultural Products	0.10	3.60	-17.19	-20.77	-20.77
Brewers	0.03	3.00	-1.79	1.41	1.41
Hypermarkets	2.07	-0.05	5.12	7.28	7.28
Distillers & Vintners	0.14	1.00	-3.38	1.36	1.36
Drug Retail	0.04	-1.11	-4.21	-14.63	-14.63
Food Distributors	0.09	0.08	4.79	8.55	8.55
Food Retail	0.08	3.15	1.83	2.54	2.54
Household Products	1.19	-1.08	3.28	5.86	5.86
Packaged Foods & Meats	0.74	-2.95	-2.63	-2.29	-2.29
Personal Products	0.16	0.87	-2.63	-6.32	-6.32
Soft Drinks	1.35	-1.93	-1.11	-0.78	-0.78
Tobacco	0.48	0.05	-5.35	-3.78	-3.78
Energy	3.70	0.59	2.84	1.51	1.51
Integrated Oil & Gas	1.73	0.15	4.18	3.50	3.50
Oil & Gas Equipment & Services	0.36	1.00	-2.63	-7.57	-7.57
Oil & Gas Exploration & Production	0.94	0.80	0.94	-2.10	-2.10
Oil & Gas Refining & Marketing & Transportation	0.41	0.27	9.06	11.70	11.70
Oil & Gas Storage & Transportation	0.32	2.44	-0.34	-0.12	-0.12

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Financials	12.54	2.07	5.66	5.45	5.45
Asset Management & Custody Banks	0.87	0.95	1.91	-0.47	-0.47
Consumer Finance	0.57	0.93	11.45	8.31	8.31
Diversified Banks	2.86	3.36	5.23	3.62	3.62
Financial Exchanges & Data	1.10	-1.10	1.32	-1.18	-1.18
Insurance Brokers	0.61	2.21	4.59	8.36	8.36
Investment Banking & Brokerage	0.93	1.31	-0.49	-3.98	-3.98
Life & Health Insurance	0.38	2.56	1.47	2.49	2.49
Multi-line Insurance	0.13	2.13	4.25	3.55	3.55
Multi-Sector Holdings	1.21	1.50	10.95	13.11	13.11
Property & Casualty Insurance	0.96	3.04	10.71	14.83	14.83
Regional Banks	0.29	3.12	0.71	-1.75	-1.75
Reinsurance	0.04	5.59	1.07	5.88	5.88
Transaction & Payment Processing	2.61	2.61	6.81	8.12	8.12
Health Care	12.72	0.68	3.21	6.28	6.28
Biotechnology	1.95	-0.20	-1.08	4.17	4.17
Health Care Distributors	0.34	1.87	3.66	8.65	8.65
Health Care Equipment	2.44	0.14	3.74	6.46	6.46
Health Care Facilities	0.21	0.69	8.08	12.64	12.64
Health Care Services	0.55	1.85	4.15	3.32	3.32
Health Care Supplies	0.11	2.68	3.66	4.35	4.35
Life Sciences Tools & Services	1.41	0.49	4.77	3.15	3.15
Managed Health Care	1.62	0.53	-0.16	-0.51	-0.51
Pharmaceuticals	4.09	1.28	5.75	11.81	11.81
Industrials	8.67	1.58	5.78	4.10	4.10
Aerospace & Defense	1.53	0.34	0.89	-1.89	-1.89
Agricultural & Farm Machinery	0.23	-5.49	-5.65	-8.81	-8.81
Air Freight & Logistics	0.44	-1.15	-6.30	-6.42	-6.42
Building Products	0.49	1.77	5.94	4.81	4.81
Construction & Engineering	0.07	3.03	5.73	-0.81	-0.81
Construction Machinery & Heavy Trucks	0.65	1.28	11.47	9.44	9.44
Data Processing & Outsourced Services	0.05	-0.35	-2.12	-3.62	-3.62
Diversified Support Svcs	0.25	-0.76	4.64	2.35	2.35
Electrical Components & Equipment	0.62	1.73	8.38	7.38	7.38
Environmental & Facilities Services	0.41	3.62	8.58	8.32	8.32
Human Resource & Employment Services	0.41	0.64	5.44	5.39	5.39
Industrial Conglomerates	0.78	3.83	2.83	1.62	1.62
Industrial Machinery	0.85	1.50	7.84	5.28	5.28
Passenger Airlines	0.16	2.77	11.18	7.54	7.54
Railroads	0.65	0.35	6.65	4.30	4.30
Research & Consulting Svcs	0.24	2.39	7.10	7.14	7.14
Trading Companies & Distributors	0.30	0.94	13.62	12.52	12.52
Information Technology	29.46	-0.21	7.65	8.31	8.31
Application Software	2.55	-1.30	5.27	5.23	5.23
Communications Equipment	0.82	-1.94	0.00	1.89	1.89
Electronic Components	0.21	0.82	8.10	6.20	6.20
Electronic Equipment & Instruments	0.18	3.71	5.54	1.02	1.02
Electronic Manufacturing Services	0.14	1.09	8.96	4.30	4.30
Internet Software & Services	0.08	-6.97	-4.31	-4.83	-4.83
IT Consulting & Services	1.17	0.95	6.08	7.81	7.81
Semiconductor Equipment	0.91	6.92	19.91	13.60	13.60
Semiconductors	8.19	2.72	19.48	22.49	22.49
Systems Software	8.40	-1.79	5.11	8.70	8.70
Technology Distributors	0.07	-0.50	10.77	6.79	6.79
Technology Hardware, Storage & Peripherals	6.73	-2.30	-1.01	-4.40	-4.40
Materials	2.23	2.11	1.40	-1.08	-1.08
Commodity Chemicals	0.16	2.48	3.31	1.34	1.34
Construction Materials	0.15	1.82	8.14	7.09	7.09
Copper	0.13	0.34	-6.57	-10.15	-10.15
Fertilizers & Agricultural Chemicals	0.16	1.53	6.59	1.47	1.47
Gold	0.09	-0.78	-12.11	-20.08	-20.08
Industrial Gases	0.59	3.48	0.52	-0.65	-0.65

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Metal & Glass Containers	0.04	5.24	10.43	8.21	8.21
Paper Packaging	0.16	0.60	-0.85	0.04	0.04
Specialty Chemicals	0.61	2.49	1.00	-1.80	-1.80
Steel	0.15	-0.14	10.13	6.49	6.49
Real Estate	2.28	1.10	-2.07	-3.32	-3.32
Data Center REITs	0.29	1.86	7.73	9.27	9.27
Health Care REITs	0.18	3.83	-3.44	-1.94	-1.94
Hotel & Resort REITs	0.03	1.79	0.76	2.21	2.21
Industrial REITs	0.28	1.09	1.18	-0.15	-0.15
Multi-Family Residential REITs	0.00	2.43	-3.68	-3.88	-3.88
Office REITs	0.07	1.68	-5.17	-5.52	-5.52
Real Estate Service	0.14	5.08	4.29	-2.25	-2.25
Retail REITs	0.28	0.02	-4.85	-3.72	-3.72
Self-Storage REITs	0.18	-0.19	-4.59	-8.38	-8.38
Single-Family Residential REITs	0.18	-0.19	-4.59	-8.38	-8.38
Telecom Tower REITs	0.36	-1.37	-8.34	-11.21	-11.21
Timber REITs	0.06	1.24	-0.63	-3.89	-3.89
Utilities	2.06	1.94	-3.53	-3.59	-3.59
Electric Utilities	1.37	2.02	-3.32	-3.31	-3.31
Gas Utilities	0.04	1.19	-1.31	-1.41	-1.41
Independent Power Producers & Energy Traders	0.03	3.58	-9.00	-12.82	-12.82
Water Utilities	0.06	1.99	-6.01	-5.86	-5.86
Multi-Utilities	0.58	1.75	-3.62	-3.72	-3.72

*Current Weight is market cap based, based on calculations by William Blair Intl. Ltd.

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DOW JONES: 38773.10

S&P 500: 5029.73

NASDAQ: 15906.20

Additional information is available upon request.

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Market Perform (Hold)	30	Market Perform (Hold)	3
Underperform (Sell)	1	Underperform (Sell)	0

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